

Trailbreaker Resources Ltd.
Interim Condensed Consolidated Financial Statements
For the three and nine months ended September 30, 2024

The accompanying unaudited interim consolidated financial statements of Trailbreaker Resources Ltd. for the three and nine months ended September 30, 2024, have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These interim financial statements have not been reviewed by the Company's external auditor.

Trailbreaker Resources Ltd.
Interim Condensed Consolidated Statements of Financial Position
(Expressed in Canadian dollars -Unaudited)

	Notes	September 30, 2024	December 31, 2023
ASSETS			
Current assets			
Cash		\$ 2,260,484	\$ 1,436,245
Accounts receivable	3	40,742	18,997
Prepaid expenses and deposits	4	47,256	14,422
		2,348,482	1,469,664
Non-current assets			
Restricted cash	11	128,500	77,000
Deposit	4	-	-
Marketable securities	6	27,916	88,741
Equipment		1,600	2,461
Exploration and evaluation assets	5	3,820,908	2,043,827
TOTAL ASSETS		\$ 6,327,406	\$ 3,681,693
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	7	\$ 267,217	\$ 175,152
Decommissioning liability	10	8,445	20,574
TOTAL LIABILITIES		275,662	195,726
EQUITY			
Share capital	8	54,883,300	51,972,169
Share-based payment reserves	8	19,280,288	18,945,332
Equity reserve		1,195,608	1,195,608
Accumulated other comprehensive loss		(234,162)	(237,722)
Deficit		(69,073,290)	(68,389,420)
TOTAL EQUITY		6,051,744	3,485,967
TOTAL LIABILITIES AND EQUITY		\$ 6,327,406	\$ 3,681,693

Nature of Operations and Going Concern (Note 1)

Approved on Behalf of the Board on November 29, 2024:

``Lucy Zhang``
Director

``Daithi Mac Gearailt``
Director

Trailbreaker Resources Ltd.
Interim Condensed Consolidated Statements of Comprehensive Loss
(Expressed in Canadian dollars -Unaudited)

	Note	For three months ended September 30,		For the nine months ended September 30,	
		2024	2023	2024	2023
Expenses					
Amortization		\$ 245	\$ 48	\$ 859	\$ 171
Corporate development and communication		9,007	3,000	9,007	3,000
Listing and filing fees		26,263	12,812	52,211	84,421
Management fees	9	46,057	45,380	127,057	126,380
Office and miscellaneous		19,546	29,665	63,806	95,861
Professional fees		13,571	51,613	65,687	98,479
Stock-based compensation	8,9	-	-	334,956	-
		(114,689)	(142,518)	(653,583)	(408,312)
Other items					
Due diligence for mineral interests		52,177	9,922	60,435	19,681
Foreign exchange		-	41	-	56
Interest income		(12,763)	(1)	(23,044)	(306)
Impairment of exploration and evaluation assets	5	-	965,719	6,582	969,049
Expenditure on petroleum and natural gas properties		6,550	6,550	6,550	6,550
Miscellaneous income		-	-	-	(83,251)
Royalty income		(7,314)	(9,646)	(20,236)	(20,034)
Decommissioning Expenses		-	5,660	-	12,079
Total other income (expenses)		(38,650)	(978,245)	(30,287)	(903,824)
Net loss		\$ (153,339)	\$ (1,120,763)	\$ (683,870)	\$ (1,312,136)
Other comprehensive loss					
Items that will not be reclassified to profit or loss					
Change in fair value on equity investments designated on FVTOCI, net of tax	6	(2,513)	(12,825)	3,560	(32,571)
Comprehensive income (loss) for the period		\$ (155,852)	\$ (1,133,588)	\$ (680,310)	\$ (1,344,707)
Loss per share, basic and diluted		\$ (0.00)	\$ (0.04)	\$ (0.02)	\$ (0.06)
Weighted average number of common shares outstanding, basic and diluted		40,529,834	29,990,683	36,323,302	22,885,052

Trailbreaker Resources Ltd.
Interim Condensed Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars -Unaudited)

	Share capital		Equity Reserve	Share-based Payment Reserve	Accumulated Other comprehensive loss	Deficit	Total
	Number of shares	Amount					
Balance at January 1, 2024	33,997,134	\$ 51,972,169	\$ 1,195,608	\$ 18,945,332	\$ (237,722)	\$ (68,389,420)	\$ 3,485,967
Shares issued for flow through financing	4,000,000	2,322,556	-	-	-	-	2,322,556
Warrant exercise	2,172,700	493,175	-	334,956	-	-	828,131
Stock option exercise	310,000	74,400	-	-	-	-	74,400
Shares issued pursuant to property agreements	50,000	21,000	-	-	-	-	21,000
Comprehensive loss for the period	-	-	-	-	3,560	(683,870)	(680,310)
Balance at September 30, 2024	40,529,834	\$ 54,883,300	\$ 1,195,608	\$ 19,280,288	\$ (234,162)	\$ (69,073,290)	\$ 6,051,744

	Share capital		Equity Reserve	Share-based Payment Reserve	Accumulated Other comprehensive loss	Deficit	Total
	Number of shares	Amount					
Balance at January 1, 2023	12,719,614	\$ 49,338,743	\$ 1,195,608	\$ 18,971,290	\$ (191,311)	\$ (64,707,603)	4,606,727
Shares issued for private placements	13,748,000	1,508,218	-	-	-	-	1,508,218
Shares issued pursuant to property agreements	200,000	59,000	-	-	-	-	59,000
Finders' warrants issued	-	-	-	8,042	-	-	8,042
Warrant exercise	7,039,520	1,055,928.00	-	-	-	-	1,055,928
Comprehensive loss for the period	-	-	-	-	(32,571)	(1,312,136)	(1,344,707)
Balance at September 30, 2023	33,707,134	\$ 51,961,889	\$ 1,195,608	\$ 18,979,332	\$ (223,882)	\$ (66,019,739)	\$ 5,893,208

See accompanying notes to the consolidated financial statements

Trailbreaker Resources Ltd.
Interim Condensed Consolidated Statements of Cash Flows
(Expressed in Canadian dollars -Unaudited)

	For three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Operating activities				
Net loss for the period	\$ (153,339)	\$ (1,120,763)	\$ (683,870)	\$ (1,312,136)
Adjustments for non-cash items:				
Amortization	245	48	859	171
Stock-based compensation	-	-	334,956	-
Impairment of exploration and evaluation assets	-	965,719	6,582	969,049
Changes in non-cash working capital:				
Accounts Receivable	24,054	10,012	(21,745)	(4,030)
Prepaid expenses and deposits	(31,784)	(11,393)	(32,834)	(5,355)
Trade payables and accrued liabilities	(148,986)	(16,440)	163,017	73,949
Reclamation paid	-	-	(12,129)	-
Net cash flows used in operating activities	(309,810)	(172,817)	(245,164)	(278,352)
Investing activities				
Exploration and evaluation assets	(554,541)	(292,971)	(1,833,614)	(1,021,506)
Net proceeds on sale of marketable securities	11,601	-	64,386	14,102
Net cash flows used in investing activities	(542,940)	(292,971)	(1,769,228)	(1,007,404)
Financing activities				
Private placement, net of issuance costs	-	-	2,322,556	1,516,260
Exercise of warrants	-	1,055,928	493,175	1,055,928
Exercise of option	-	-	74,400	-
Changes in restricted cash	(25,000)	-	(51,500)	-
Net cash flows used in financing activities	(25,000)	1,055,928	2,838,631	2,572,188
Decrease in cash and cash equivalents	(877,750)	590,140	824,239	1,286,432
Cash	3,138,234	1,142,897	1,436,245	446,605
Cash, ending	\$ 2,260,484	\$ 1,733,037	\$ 2,260,484	\$ 1,733,037
Non-cash investing activities				
Exploration expenditures included in accounts payable	\$ 114,496	\$ 61,318	\$ 114,496	\$ 61,318
Shares issued pursuant to property agreements	-	-	21,000	-

Trailbreaker Resources Ltd.
Notes to Interim Condensed Consolidated Financial Statements
(Expressed in Canadian dollars -Unaudited)
For the three and nine months ended September 30, 2024 and 2023

1. Nature of operations and going concern

Trailbreaker Resources Ltd. (formerly Goldstrike Resources Ltd.) (the “Company”) was incorporated under the laws of the province of British Columbia, Canada. The Company trades on the TSV Venture Exchange (the “TSX-V”) under the symbol “TBK.V”, and the Frankfurt Stock Exchange under the symbol “KCG”. The registered office of the Company is located at Suite 2110, 650 West Georgia Street, Vancouver, B.C.

The Company is a mineral exploration company focusing on acquiring and developing exploration and evaluation assets.

These consolidated financial statements have been prepared in accordance with accounting principles applicable to a going concern. The Company has no current source of revenues from operations. The Company’s continuation as a going concern is dependent upon the successful results from its exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These factors indicate the existence of a material uncertainty that may cast significant doubt as to the Company’s ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand and the private placement of common shares. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position. These consolidated financial statements do not include these adjustments. Such adjustments could be material.

2. Material accounting policies and basis of preparation

The interim condensed consolidated financial statements were authorized for issuance on November 29, 2024 by the directors of the Company.

Statement of compliance with IFRS

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

Basis of measurement

These interim condensed consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The interim condensed consolidated financial statements are presented in Canadian dollars, except otherwise indicated. The financial currency of each entity is measured using the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiary is the Canadian dollar.

Basis of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiary. The subsidiary is fully consolidated from the date of acquisition, being the date on which the Company obtains control and continues to be consolidated until the date such control ceases. Details of the controlled entity are as follows:

Entity:	Country of incorporation:	Ownership interest	
		September 30, 2024	December 31, 2023
Petro One Energy Corp.	Canada	100%	100%

Inter-company balances and transactions have been eliminated upon consolidation.

Trailbreaker Resources Ltd.
Notes to Interim Condensed Consolidated Financial Statements
(Expressed in Canadian dollars -Unaudited)
For the three and nine months ended September 30, 2024 and 2023

2. Material accounting policies and basis of preparation (Continued)

Critical accounting estimates and assumptions

The preparation of these consolidated financial statements in accordance with IFRS requires management to make certain estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the year in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting include the recoverability of the carrying value of exploration and evaluation assets and petroleum and natural gas assets, the measurements for financial instruments and share-based payments, the recoverability of deferred tax assets and the measurement of decommissioning liabilities.

Critical judgements in applying accounting policies

The preparation of consolidated financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The following are the most significant judgements that management has made in applying the Company's financial statements: the assessment of the Company's ability to continue as a going concern, the identification of cash-generating units, determining whether the Company has significant influence over an investee, and the classification of evaluation and exploration assets.

3. Accounts receivable

	September 30, 2024	December 31, 2023
GST receivable	\$ 38,748	\$ 14,063
Royalty income receivable	1,994	4,934
	\$ 40,742	\$ 18,997

4. Prepaid expenses and deposits

	September 30, 2024	December 31, 2023
Current prepaid expenses	\$ 47,256	\$ 14,422

Trailbreaker Resources Ltd.
Notes to Interim Condensed Consolidated Financial Statements
(Expressed in Canadian dollars -Unaudited)
For the three and nine months ended September 30, 2024 and 2023

5. Exploration and evaluation assets

A continuity of the Company's exploration and evaluation assets as of September 30, 2024 is as follows:

	Balance at December 31, 2023	Acquisition	Exploration							Subtotal	Impairment	Balance at September 30, 2024	
			Assay	Trenching & Drilling	Exploration Management	Logistics	Field Equipment	Travel & Accommodation	Geological & Geophysical Consulting				
Mineral Property Interests													
Plateau	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1
McMurdo	65,492	-	3,812	-	-	-	10,800	-	1,878	8,462	24,952	-	90,444
Atsutla	1,476,485	2,954	31,812	-	15,007	-	89,462	34	35,698	218,408	390,421	-	1,869,860
Eakin Creek	1	-	462	-	-	-	324	-	-	5,589	6,375	(6,375)	1
Eagle Lake	139,914	-	-	-	-	-	14,266	-	938	13,783	28,987	-	168,901
Castle Rock	267,745	5,000	12,392	-	6,210	-	11,852	-	2,660	28,166	61,280	-	334,025
Golden Sable	1	-	-	-	-	-	-	-	-	-	-	-	1
MT Sheldon	94,184	210	-	-	3,000	-	244	52	-	6,810	10,106	-	104,500
Liberty	-	41,135	140,868	386,308	73,357	-	190,305	129	34,553	386,516	1,212,036	-	1,253,171
Other properties	4	207	-	-	-	-	-	-	-	-	-	(207)	4
Total:	\$ 2,043,827	\$ 49,506	\$ 189,346	\$ 386,308	\$ 97,574	\$ 317,253	\$ 215	\$ 75,727	\$ 667,734	\$ 1,734,157	\$ (6,582)	\$ 3,820,908	

Trailbreaker Resources Ltd.
Notes to Interim Condensed Consolidated Financial Statements
(Expressed in Canadian dollars -Unaudited)
For the three and nine months ended September 30, 2024 and 2023

5. Exploration and evaluation assets (Continued)

A continuity of the Company's exploration and evaluation assets as of December 31, 2023 is as follows:

	Balance at December 31, 2022	Exploration											Impairment	Balance at December 31, 2023	
		Acquisition costs	Assay	Trenching & Drilling	Contractors & Labour	Exploration Management	Logistics	Field & Equipment	Travel & Accommodation	Mapping	Geological & Geophysical Consulting	Subtotal			
Plateau	\$ 2,152,408	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,018	\$ 1,018	\$ (2,153,425)	\$ 1
McMurdo	60,218	-	24	-	-	2,688	-	-	16	-	2,546	5,274	-	-	65,492
Atsutla	1,372,648	900	-	-	-	36,608	300	-	122	10,093	55,814	102,937	-	-	1,476,485
Eakin Creek	272,715	-	65,632	304,975	5,005	33,877	132,280	3,293	57,555	-	92,090	694,707	(967,421)	-	1
Eagle Lake	141,849	(32,250)	-	-	-	4,945	-	-	264	-	25,106	30,315	-	-	139,914
Castle Rock	35,693	62,491	16,818	-	-	32,734	33,822	-	5,094	-	81,093	169,561	-	-	267,745
Golden Sable	-	17,292	37,094	-	-	8,400	42,002	-	9,992	-	41,736	139,224	(156,515)	-	1
MT Sheldon	-	-	5,440	-	-	20,601	21,760	-	3,685	-	42,698	94,184	-	-	94,184
Other properties	4	416	-	-	-	1,776	-	-	-	-	1,139	2,915	(3,331)	-	4
Total:	\$ 4,035,535	\$ 48,849	\$ 125,008	\$ 304,975	\$ 5,005	\$ 141,629	\$ 230,164	\$ 3,293	\$ 76,728	\$ 10,093	\$ 343,240	\$ 1,240,135	\$ (3,280,692)	\$ -	\$ 2,043,827

Trailbreaker Resources Ltd.
Notes to Interim Condensed Consolidated Financial Statements
(Expressed in Canadian dollars -Unaudited)
For the three and nine months ended September 30, 2024 and 2023

5. Exploration and evaluation assets (continued)

Plateau Property

The Company has a 100% interest in the Plateau Property located in the Yukon Territory, which is subject to a 3% Net Smelter Royalty (“NSR”) which may be reduced by 1% for a payment of \$1,500,000.

The Company identified impairment indicators for the property including the limited expenditures on the property during the years ended December 31, 2023 and December 31, 2022 and that currently there are no substantive expenditures budgeted or planned. Consequently, an impairment loss of \$2,153,425 was recognized in the consolidated financial statements reducing the carrying value to a nominal amount. Despite the impairment, the Company continues to hold the legal rights to explore the property.

McMurdo Property

During 2020, the Company staked the McMurdo property in the province of British Columbia and owns 100% interest in the property.

Atsutla Gold Project

Willy Jack Property

During 2020, the Company staked the Willy Jack property in the province of British Columbia and owns 100% interest in the property.

SWAN Property

During 2020, the Company staked the SWAN property in the province of British Columbia and owns 100% interest in the property.

In November 2022, an Option Agreement has been signed for the Company to obtain a 100% interest to expand the Swan Property within the Atsutla Gold Project. The claim block consists of one claim covering 132 hectares.

Pursuant to the terms of the Option Agreement and subject to receipt of all regulatory approvals, the Company can earn a 100% interest in the Property by making staged share issuances totaling 80,000 common shares over three years and a making a one-time cash payment of \$25,000 as follows:

- 10,000 common shares (issued) on receipt of TSX Venture Exchange approval;
- 10,000 common shares on or before November 16, 2023 (issued);
- 10,000 common shares on or before November 16, 2024; (issued, note 14) and
- 50,000 common shares and \$25,000 cash payment on or before November 16, 2025.

The optionor will retain a 1% Net Smelter Royalty (NSR) and the Company has the right to buy back the 1% NSR within a two-year period from the exercise of the option for a cash payment of \$50,000 and issuance of 100,000 common shares.

Castle Rock

In February 2022 and January 2023, the Company staked the Castle Rock property in the province of British Columbia and owns 100% interest in these staked claims of the property.

Trailbreaker Resources Ltd.
Notes to Interim Condensed Consolidated Financial Statements
(Expressed in Canadian dollars -Unaudited)
For the three and nine months ended September 30, 2024 and 2023

5. Exploration and evaluation assets (continued)

Castle Rock (continued)

On July 27th, 2023, an option agreement was signed with Cazador Resources (“Cazador”) which provides the Company the option to acquire the 100% interest in the claims owned by Cazador by completing the following:

- Upon receipt of TSX-V approval for the option agreement, issuance to Cazador of 200,000 common shares (issued);
- A total of \$60,000 of expenditures on the Castle Rock property by the second anniversary of the effective date;
- On the second anniversary of the effective date and annually to the fifth anniversary date, payment to Cazador of \$5,000 as advance payments on the royalty; and
- On or before the fifth anniversary of the effective date, issuance to Cazador of a further 300,000 common shares. Cazador will retain a 2% NSR on claims currently 100% held by Cazador, and a 1% NSR on claims held jointly between Cazador and the Company. Once the option is exercised the Company may buy back 50% of the royalty by paying Cazador \$1,000,000.

Eakin Creek

In March 2022, the Company staked the Eakin Creek property in the province of British Columbia and owns 100% interest in the property. In March 2022, the Company acquired the property by issuing 60,000 common shares at price \$0.255 for a fair value of \$15,300 and a cash payment of \$13,475 pursuant to the property sale agreement.

The Company identified impairment indicators for the property as currently there are no substantive expenditures budgeted or planned. Consequently, an impairment loss of \$967,427 was recognized in the consolidated financial statements reducing the carrying value to a nominal amount. Despite the impairment, the Company continues to hold the legal rights to explore the property. During the three and nine months ended September 30, 2024, the Company recognized an impairment of \$6,375.

Eagle Lake

In June 2022, the Company acquired the Eagle Lake property in the province of British Columbia by a combination of staking and a sale agreement with Teck Resources Limited (“Teck”). The Company owns 100% interest in the property, with a portion of it subject to an underlying 1% NSR to Teck.

The sale of the claims held by Teck had the following terms:

- issue 125,000 common shares (issued).
- Teck shall retain a 1% NSR on the Property.

In June 2023, the Company signed an option agreement with Vizsla Copper Corporation (Vizsla Copper”) to option out four of the fourteen claims of the Eagle Lake property. The optioned claims are subject to a 2% NSR on the property. The Company and Teck will retain a 1% NSR on each of three of the claims and the Company will retain a 2% NSR on the fourth claim. Vizsla Copper has the option to acquire 100% interest in the four claims by completing the following,

- Issue to the Company 150,000 common shares (received) on receipt of TSX-V approval;
- issue to the Company 50,000 common shares (received) on or before June 9, 2024;
- Issue to the Company 75,000 common shares on or before June 9, 2025; and
- Issue to the Company 125,000 common shares on or before June 9, 2026.

Trailbreaker Resources Ltd.
Notes to Interim Condensed Consolidated Financial Statements
(Expressed in Canadian dollars -Unaudited)
For the three and nine months ended September 30, 2024 and 2023

5. Exploration and evaluation assets (continued)

Golden Sable

In May 2023, the Company entered into an agreement to acquire up to a 100% interest in the Golden Sable property in South-Central British Columbia, subject to a 1% NSR. To acquire a 100% interest in the Golden Sable property by making payments of \$205,000 to the Optionor as follows:

- \$15,000 cash payment upon the effective date, May 25, 2023 (paid);
- \$30,000 cash payment on or before May 25, 2024;
- \$60,000 cash payment on or before May 25, 2025; and
- \$100,000 cash payment on or before May 25, 2026.

The optionor will retain a 1% NSR and the Company has the right to buy back the 1% NSR for a cash payment of \$500,000.

The Company identified impairment indicators for the property as currently there are no substantive expenditures budgeted or planned. Consequently, an impairment loss of \$156,515 was recognized in the consolidated financial statements reducing the carrying value to a nominal amount. Despite the impairment, the Company continues to hold the legal rights to explore the property.

Sheldon

In July 2023, the Company received the 100% interest of Sheldon property, located in central Yukon. The property is a legacy property originally held by the Company.

Liberty

In February 2024, the Company acquired the Liberty Property by way of an option agreement. The option agreement allows the Company to acquire 100% of the property in central British Columbia province by completing the following:

- Upon signing: a cash payment of \$5,000 and issuance of 50,000 common shares (paid and issued);
- First anniversary: a cash payment of \$5,000 and a transfer of 50,000 common shares;
- Second anniversary: a cash payment of \$5,000 and a transfer of 50,000 common shares;
- Third anniversary: a cash payment of \$30,000 and a transfer of 150,000 common shares;
- Fourth anniversary: a cash payment of \$57,500 and a transfer of 450,000 common shares; and
- The claims are subject to a 2% NSR, 1% of which can be purchased back for \$1,000,000.

Other properties

The Company has a 100% interest in the Cando2 Property which is subject to a 3% NSR and a 100% interest in the St. Patrick Property. During the year ended December 31, 2018, the Company assessed that the carrying value of the properties was impaired to \$1.

During 2021, the Company staked the Tuya property in the province of British Columbia. During the year ended December 31, 2022, the Company assessed that the carrying value and impaired the property to \$nil, recognizing an impairment charge of \$1.

The Company had a 100% interest in the Strike Claims Property. During the year ended December 31, 2018, the Company assessed that the carrying value of the property was impaired to \$1. During the year ended, December 31, 2021, the claims expired.

Trailbreaker Resources Ltd.

Notes to Interim Condensed Consolidated Financial Statements

(Expressed in Canadian dollars -Unaudited)

For the three and nine months ended September 30, 2024 and 2023

5. Exploration and evaluation assets (continued)

Other properties (Continued)

During 2020, the Company staked the Skelly property in the province of British Columbia and owns 100% interest in the property. During the year ended December 31, 2022, the Company assessed that the carrying value of the property was impaired to \$1, recognizing an impairment charge of \$73,167. During the year ended December 31, 2023, the Company recognized an impairment of \$888.

In May 2022, the Company staked the Connector Gold property in the province of British Columbia and owns 100% interest in the property. During the year ended December 31, 2022, the Company assessed that the carrying value of the property was impaired to \$1, recognizing an impairment charge of \$43,466. During the year ended December 31, 2023, the Company recognized an impairment of \$2,443. During the three and nine months ended September 30, 2024, the Company recognized an impairment of \$207.

6. Marketable securities

In March 2023, Golden Sky Mineral Corp. (“Golden Sky”) announced a plan of arrangement, where its shareholders are entitled to receive 0.5 of one common share of Thunderbird Minerals Corp (“Thunderbird”) for every one Golden Sky share held. As of September 30, 2024, the Company sold all Golden Sky’s common shares (December 31, 2023– 395,000) and holds 197,500 Thunderbird’s common shares. The Company recognizes its investment at fair value through other comprehensive income loss.

In June 2023, the Company received 150,000 Vizsla Copper’s common shares pursuant to an option agreement (note 5).

The Company’s shareholding of 100,040 Juggernaut common shares is unchanged.

During the three and nine months ended September 30, 2024, the Company sold 395,000 Golden Sky common shares for net proceeds of \$11,601 and \$64,386, respectively (2023 - \$nil and \$14,102, respectively). A loss of \$91,965 (2023 - \$7,669) was recorded in other comprehensive loss.

During the year ended December 31, 2023, the Company sold 55,000 Golden Sky common shares for net proceeds of \$14,102. A loss of \$7,669 was recorded in other comprehensive loss.

Marketable securities are measured at fair value by reference to quoted stock prices. During the three and nine months ended September 30, 2024, the Company recorded an unrealized gain of \$15,574 and \$95,525, respectively (2023 – a loss of \$12,825 and \$24,902, respectively) and a combined realized and unrealized gain of \$3,560 (2023 – a loss of \$32,571).

	Fair value
Carrying value at December 31, 2022	117,004
Addition	32,250
Loss on marketable securities sold	(7,669)
Fair value on marketable securities sold	(14,102)
Unrealized loss	(38,742)
Carrying value at December 31, 2023	\$ 88,741
Loss on marketable securities sold	(91,965)
Fair value on marketable securities sold	(64,385)
Unrealized gain	95,525
Carrying value at September 30, 2024	\$ 27,916

Trailbreaker Resources Ltd.
Notes to Interim Condensed Consolidated Financial Statements
(Expressed in Canadian dollars -Unaudited)
For the three and nine months ended September 30, 2024 and 2023

7. Accounts payable and accrued liabilities

	September 30, 2024	December 31, 2023
Accounts Payable	\$ 100,772	\$ 16,069
Accrued Liabilities	31,750	44,945
Due to related parties (Note 9)	134,695	114,138
	\$ 267,217	\$ 175,152

8. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital during the three and nine months ended September 30, 2024

On April 10, 2024, the Company closed a non-brokered private placement, issuing 1,406,250 Critical Flow-Through Units for \$0.64 per Critical Flow-Through Unit (the "CMETC FT Units"), and 2,593,750 Critical Flow-Through Units for \$0.56 per Non-Critical Flow-Through Unit (the "FT Units"), for aggregate gross proceeds of \$2,352,500.

Each CMETC FT Unit consists of one flow-through common share ("FT Share") and one half of a transferable warrant, each warrant being exercisable to acquire an additional non-flow-through common share of the Company at \$0.60 for 24 months from the date of issuance. Each FT Unit consists of one FT Share and one half of a warrant, each warrant being exercisable to acquire an additional non-flow-through common share of the Company at \$0.60 for 24 months from the date of issuance.

During the nine months ended September 30, 2024, the Company issued 500,000 and 1,672,700 common shares for the warrants exercised at the exercise price of \$0.15 and \$0.25, for gross proceeds of \$75,000 and \$418,715, respectively.

During the nine months ended September 30, 2024, the Company issued 310,000 common shares for the stock options exercised at the exercise price of \$0.24 for a gross proceed of \$74,400. The share price on the date of exercise was \$0.52.

In February 2024, the Company issued 50,000 common shares at \$0.42 per share for a fair value of \$21,000 pursuant to an option agreement for the Liberty property (note 5).

Issued share capital during the year ended December 31, 2023

During the year ended December 31, 2023, the Company issued 7,039,520 and 125,000 common shares for the warrants exercised at the exercise price of \$0.15 and \$0.25, respectively. The Company received gross proceeds of \$1,078,428.

In December 2023, the Company issued 155,000 common shares for the stock options exercised at the exercise price of \$0.24 for a gross proceed of \$37,200. The share price on date of exercise was \$0.43.

In November 2023, the Company issued 10,000 common shares at \$0.09 per share for a fair value of \$900 pursuant to an option agreement for the Swan property (note 5).

In August 2023, the Company issued 200,000 common shares at \$0.295 per share for a fair value of \$59,000 pursuant to an option agreement for the Castle Rock property (note 5).

Trailbreaker Resources Ltd.
Notes to Interim Condensed Consolidated Financial Statements
(Expressed in Canadian dollars -Unaudited)
For the three and nine months ended September 30, 2024 and 2023

8. Share capital (Continued)

Issued share capital during the year ended December 31, 2023 (Continued)

In May 2023, the Company completed a non-brokered private placement of non-flow through units for aggregate gross proceeds of \$715,000 by issuing 6,500,000 non-flow through units (“NFT Unit”) at a price of \$0.11 per NFT Unit. Each NFT Unit consisting of one common share and one common share purchase warrant, each warrant being exercisable for an additional common share of the Company at a price of \$0.15 for 36 months following the date of issuance.

In March 2023, the Company completed a non-brokered private placement of flow-through and non-flow through units for combined aggregate gross proceeds of \$809,120 by issuing 4,216,000 flow-through units (“FT Unit”) at a price of \$0.12 per FT Unit, for gross proceeds of \$505,920, and 3,032,000 non-flow through units (“NFT Unit”) at a price of \$0.10 per NFT Unit for aggregate gross proceeds of \$303,200. Each FT Unit consisting of one flow-through common share and one common share purchase warrant, each warrant being exercisable for an additional common share of the Company at a price of \$0.15 for 36 months following the date of issuance, subject to the right of the Company to accelerate the exercise period to 30 days if, following the expiry of the 4-month hold, shares of the Company close at or above \$0.25 for 10 consecutive trading days. Each NFT Unit consisting of one common share and one common share purchase warrant, each warrant being exercisable for an additional common share of the Company at a price of \$0.15 for 36 months following the date of issuance, subject to the right of the Company to accelerate the exercise period to 30 days if, following the expiry of the 4-month hold, shares of the Company close at or above \$0.25 for 10 consecutive trading days.

The Company paid cash finders’ fees totaling \$7,860 and issued 72,000 broker warrants exercisable at \$0.15 for 36 months.

The FT Units were issued at a premium in recognition of the tax benefits accruing to subscribers. The flow-through premium was calculated to be \$84,320 and was recorded as a share capital reduction with an equivalent amount as a flow-through share premium liability in the statement of financial position. As of December 31, 2023, based on expenditures incurred, \$84,320 was recognized as a settlement of flow-through share premium leaving a \$nil balance in the flow-through share premium liability.

Renunciation of exploration expenditure

During the three and nine months ended September 30, 2024, the Company incurred and renounced \$900,000 of exploration expenses under its critical flow-through program and \$865,715 of exploration expenses under its flow-through program.

During the year ended December 31, 2023, the Company incurred and renounced \$505,920 of exploration expenses under its flow-through share program.

Stock option

The Company has adopted a stock option plan, which provides that the Board of Directors of the Company may, in accordance with the TSX-V requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 20% of the Company’s issued and outstanding common shares. Such options will be exercisable for a period of up to 10 years from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee will not exceed five percent of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed two percent of the issued and outstanding common shares.

Trailbreaker Resources Ltd.
Notes to Interim Condensed Consolidated Financial Statements
(Expressed in Canadian dollars -Unaudited)
For the three and nine months ended September 30, 2024 and 2023

8. Share capital (Continued)

Stock option (Continued)

As at September 30, 2024, the Company had the following options outstanding and exercisable:

Date Issued	Expiry Date	Exercise Price	Number of Options Outstanding	Number of Options Exercisable
April 28, 2016	April 28, 2026	\$ 3.15	15,000	15,000
May 18, 2017	May 18, 2027	\$ 5.95	17,500	17,500
July 9, 2020	July 9, 2025	\$ 0.24	1,125,000	1,125,000
March 24, 2021	March 24, 2026	\$ 0.30	150,000	150,000
May 31, 2022	May 31, 2027	\$ 0.24	625,000	625,000
January 25, 2024	January 25, 2029	\$ 0.43	800,000	800,000
			2,732,500	2,732,500

The following is a summary of the Company's stock option activities:

	September 30, 2024		December 31, 2023	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning	2,242,500	\$ 0.30	2,427,500	\$ 0.30
Options granted	800,000	0.43	-	-
Options cancelled	-	-	(30,000)	0.24
Options exercised	(310,000)	0.24	(155,000)	0.24
Options outstanding, ending	2,732,500	\$ 0.35	2,242,500	\$ 0.30

On January 25, 2024, 800,000 stock options were granted to officers and consultants of the Company exercisable at a price of \$0.43 per share for a term of five years. The options were fully vested on the grant date and the Company recognized stock based compensation of \$334,956.

On March 31, 2023, 30,000 stock options previously issued to a consultant were cancelled.

The fair value of stock options granted for the nine months ended September 30, 2024 were estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	September 30, 2024
Risk-free interest rate	3.68%
Dividend yield	-
Expected stock price volatility	262.27%
Weighted average expected life (years)	5.00
Valuation date fair value of underlying share	\$ 0.42

As at September 30, 2024, 2,732,500 options were exercisable. The weighted average life and weighted average exercise price of exercisable options are 2.30 years and \$0.35 respectively.

Trailbreaker Resources Ltd.
Notes to Interim Condensed Consolidated Financial Statements
(Expressed in Canadian dollars -Unaudited)
For the three and nine months ended September 30, 2024 and 2023

8. Share capital (Continued)

Share purchase warrants

As at September 30, 2024, the Company had the following warrants outstanding:

Date issued	Expiry date	Exercise price	Number of warrants outstanding
May 4, 2023	May 4, 2026	\$ 0.15	6,000,000
April 10, 2024	April 10, 2026	\$ 0.25	2,000,000
			8,000,000

The following is a summary of the Company's warrant activities:

	September 30, 2024		December 31, 2023	
	Number of Common Shares Issuable	Weighted Average Exercise Price	Number of Common Shares Issuable	Weighted Average Exercise Price
Warrants outstanding, beginning	9,634,600	\$ 0.18	3,224,600	\$ 0.25
Warrants issued	2,000,000	0.60	13,820,000	0.15
Warrants exercised	(2,172,700)	0.23	(7,129,520)	0.15
Warrants expired	(1,461,900)	0.25	(280,480)	0.15
Warrants outstanding, ending	8,000,000	\$ 0.26	9,634,600	\$ 0.18

On April 10, 2024, the Company issued 2,000,000 warrants at \$0.60 per share and exercisable until April 10, 2026, as part of a private placement offering.

On May 4, 2023, the Company issued 6,500,000 warrants at \$0.15 per share and exercisable until May 4, 2026, as part of a private placement offering.

On March 6, 2023, the Company issued 7,248,000 warrants at \$0.15 per share and exercisable until March 6, 2026, as part of a private placement offering.

On March 6, 2023, the Company issued 72,000 broker warrants at \$0.15 per share and exercisable until March 6, 2026, as finder's fee.

As at September 30, 2024, the weighted average exercise price and weighted average life of the warrants are \$0.26 and 1.58 years, respectively.

Equity reserve and share-based payment reserves

The equity reserve records items related to share purchase warrants issued alongside with share offering. At the time of exercise, the corresponding amount will be transferred to share capital.

The share-based payment reserves record items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

Trailbreaker Resources Ltd.
Notes to Interim Condensed Consolidated Financial Statements
(Expressed in Canadian dollars -Unaudited)
For the three and nine months ended September 30, 2024 and 2023

9. Related party transactions

Key personnel compensation:

	September 30, 2024	September 30, 2023
Management and accounting fees incurred to a company controlled by the Chief Financial Officer of the Company	\$ 105,000	\$ 103,500
Management fees incurred to a company controlled by the President and Chief Executive Officer of the Company	\$ 18,000	\$ 18,000
Exploration management fees incurred to a company controlled by the President and Chief Executive Officer and capitalized to exploration and evaluation assets	\$ 110,639	\$ 108,629
Directors' fees incurred to directors of the Company	\$ 9,000	\$ 9,000
Share-based payments to directors	\$ 251,217	\$ -

As at September 30 2024, \$131,695 (2023 - \$114,138) was owing to related parties and has been included in accounts payables and accrued liabilities (Note 7). The amounts are unsecured, non-interest bearing and due on demand.

On January 25, 2024, 600,000 stock options were granted to officers of the Company exercisable at price of \$0.43 per share for a term of five year. The options were fully vested on the grant date.

10. Decommissioning liabilities

Balance at December 31, 2023	20,574
Reclamation expenses	(12,129)
Balance at September 30, 2024	\$ 8,445

The Company's decommissioning liabilities result from ownership interests in petroleum and natural gas interests including well sites, gathering systems and processing facilities. The total decommissioning liabilities were estimated by management based on the Company's net ownership interest in all wells, estimated costs to reclaim and abandon the wells and the estimated timing of the costs to be incurred in future periods. As at September 30, 2024, the Company has estimated the total amount of liabilities to be \$8,445 (December 31, 2023 - \$20,574). During the nine months ended September 30, 2024, the Company incurred reclamation expenses of \$12,129 (2023 - \$nil)

11. Contingencies

As of September 30, 2024, the Company's restricted cash balance was \$128,500 (December 31, 2023 - \$77,000) which consisted of one guaranteed letter of credit in the amount of \$15,000 (expiring and renewable in June 2025) issued by Bank of Montreal for the Minister of Finance – the Saskatchewan Oil and Gas Orphan Fund and three reclamation bonds in the amount of \$113,500 for the Ministry of Energy, Mines and Petroleum Resources of British Columbia relating to the Mines Act Permit.

Trailbreaker Resources Ltd.
Notes to Interim Condensed Consolidated Financial Statements
(Expressed in Canadian dollars -Unaudited)
For the three and nine months ended September 30, 2024 and 2023

12. Financial risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash and cash equivalents. Cash and cash equivalents are held with the same financial institution giving rise to a concentration of credit risk. This risk is managed by using a major Canadian bank that is a high credit quality financial institution.

Liquidity risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. All of the Company's financial liabilities are due within a year.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company does not incur significant expenditures that are denominated in foreign currencies and does not have any mineral property commitments that are denominated in foreign currencies. Therefore, the Company's exposure to currency risk is considered minimal.

Interest rate risk

Interest rate risk refers to the risk that fair values of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk as cash and cash equivalents earn interest income at variable rates. The fair value of cash and cash equivalents are minimally affected by changes in short term interest rates.

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

	September 30, 2024	December 31, 2023
FVTPL amortized cost:		
Cash	\$ 2,260,484	\$ 1,436,245
Restricted cash	128,500	77,000
Accounts receivable	1,994	4,934
Fair value through other comprehensive income:		
	\$ 2,390,978	\$ 1,518,179
FVTOCI:		
Marketable securities	\$ 27,916	\$ 88,741
	\$ 2,418,894	\$ 1,606,920

Trailbreaker Resources Ltd.
Notes to Interim Condensed Consolidated Financial Statements
(Expressed in Canadian dollars -Unaudited)
For the three and nine months ended September 30, 2024 and 2023

12. Financial risk management (Continued)

Financial liabilities included in the statement of financial position are as follows:

	September 30, 2024	December 31, 2023
Amortized cost:		
Accounts payables	\$ 100,772	\$ 16,069
Due to related parties	134,695	114,138
	<u>\$ 235,467</u>	<u>\$ 130,207</u>

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The carrying value of the Company's financial assets and liabilities as at September 30, 2024 and December 31, 2023 approximate their fair value due to their short terms to maturity.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures.

13. Capital Management

The Company manages its capital, consisting of share and working capital, in a manner consistent with the risk characteristic of the assets it holds. All sources of financing are analyzed by management and approved by the board of directors.

The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern. The Company is meeting its objective of managing capital through preparing short-term and long-term cash flow analysis to ensure an adequate amount of liquidity. The Company is not subject to any externally imposed capital restrictions.

There were no changes in the Company's approach to capital management during the year. The Company is not subject to any external restrictions on its capital.

14. Subsequent Events

In November 2024, the Company issued 10,000 common shares at a deemed price of \$0.09 per share, pursuant to the Swan Property option agreement.